

C. DUKES SCOTT  
EXECUTIVE DIRECTOR

P.O. Box 11263  
Columbia, S.C. 29211



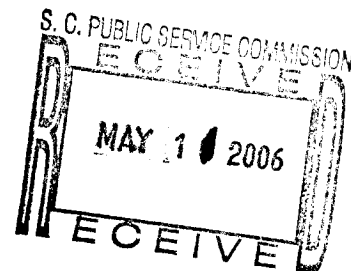
Phone: (803) 737-0800  
Fax: (803) 737-0801

DAN E. ARNETT  
CHIEF OF STAFF

179399

May 8, 2006

The Honorable Charles L. A. Terreni  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
Post Office Box 11649  
Columbia, South Carolina 29211



Re: Application of Tega Cay Water Service, Incorporated for Adjustment of Rates and Charges and Modifications to Certain Terms and Conditions for the Provision of Water and Sewer Service  
Docket No. 2006-97-WS

Dear Mr. Terreni:

Pursuant to S.C. Code Ann. §58-4-100, the South Carolina Office of Regulatory Staff ("ORS") Executive Director is authorized to employ expert witnesses and other professional expertise as deemed necessary to assist ORS in its participation in Commission proceedings. Currently, ORS is in the process of hiring at least one expert witness to testify in the above-referenced matter.

Consequently, ORS respectfully requests the Commission issue an Order pursuant to S.C. Code Ann. §58-4-100 endorsing payment by Tega Cay Water Service, Inc. ("Tega Cay") of the ORS expert's compensation and expenses. Specifically, ORS requests that the Commission's Order approves payment of compensation and expenses by Tega Cay for an expert witness not to exceed \$10,000 for fees and \$830 for travel. ORS understand this amount does not exceed expert fees generally paid by the industry. Further, Tega Cay is in agreement that such an Order is appropriate. A proposed Consent Order is enclosed for the Commission's review.

✓  
a  
Thank you for your consideration of this matter.

Sincerely,

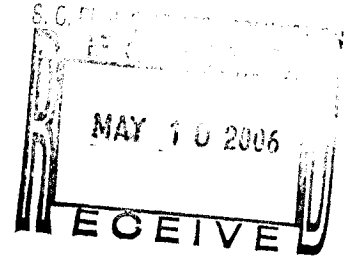
*Wendy B. Cartledge*

Wendy B. Cartledge

Enclosure

Cc: John M. S. Hoefer, Esquire  
Benjamin P. Mustian, Esquire

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2006-97-WS**



May \_\_, 2006

IN RE:	)	
	)	
Application of Tega Cay Water Service,	)	
Incorporated for Adjustment of Rates	)	<b>CONSENT ORDER</b>
And Charges and Modification to Certain	)	
Terms and Conditions for the Provision	)	
<u>Of Water and Sewer Service</u>	)	

This matter comes before the Commission pursuant to the agreement of the South Carolina Office of Regulatory Staff (“ORS”) and Tega Cay Water Service, Incorporated (“Tega Cay”) under the provisions of S.C. Code Ann. § 58-4-100 (Supp. 2004), which agreement is set forth immediately below.

At the request of ORS and with the consent of Tega Cay, the parties to this consent order and in connection with the above-captioned application have agreed as follows:

1. In connection with the above-captioned proceeding, the Executive Director of ORS has determined that in order to carry out ORS responsibilities it is necessary to contract with an expert witness to provide expertise, consultation, advice and, as needed, testimony on the general subject of the cost of equity capital for Tega Cay and other matters as needed. The fees of the expert will be an amount not to exceed \$10,000.00. Travel expenses of the expert will be an amount not to exceed \$830.00. ORS understands this amount does not exceed the compensation

generally paid by the regulated industry for such specialists, and Tega Cay does not object.

2. Under the provisions of S.C. Code Ann. § 58-4-100, “[t]o the extent necessary to carry out regulatory staff responsibilities, the executive director [of ORS] is authorized to employ expert witnesses and other professional expertise as the executive director may consider necessary to assist the regulatory staff in its participation in commission proceedings.”
3. Section 58-4-100 also provides that the compensation and expenses for expert witnesses necessarily employed “be paid by the public utility or utilities participating in the proceedings upon order of the Commission or from the regulatory staff’s budget.”
4. Tega Cay agrees to reimburse ORS for the fees and cost of an expert witness as described in ¶ 1 above. ORS agrees pursuant to S.C. Code Ann. § 58-4-100 that if Tega Cay pays the compensation and expenses of an expert witness, “the compensation and expenses must be treated by the Commission, for ratemaking purposes, in a manner generally consistent with its treatment of similar expenditures incurred by utilities in the presentation of their cases before the Commission.”
5. ORS agrees and acknowledges that Tega Cay’s consent to this order does not mean or imply that Tega Cay has agreed to the introduction of any testimony by any employed expert or the expertise of any such ORS witness. ORS is solely

responsible for the selection and employment of any expert witness or professional expertise and any effort by ORS to introduce testimony from any such employed expert in the above case will be subject to ORS meeting all evidentiary rules generally applied by the Commission in proceedings before it. Tega Cay specifically reserves its rights to interpose any objection to any such witness and his/her testimony or exhibits as permitted or recognized by South Carolina law (common and statutory), rules of evidence, rules of civil procedure, rules, customs and practices of the Commission, and federal and state constitutions.

Now, therefore, based upon the agreement of ORS and Tega Cay and under the provisions of S.C. Code Ann. § 58-4-100,

IT IS HEREBY ORDERED that Tega Cay shall reimburse ORS for the cost of an expert witness employed by ORS in connection with the above-captioned proceeding in an amount not to exceed \$10,000.00 for fees and in an amount not to exceed \$830.00 for travel expenses related to this matter.

BY ORDER OF THE COMMISSION.

---

Randy Mitchell, Chairman

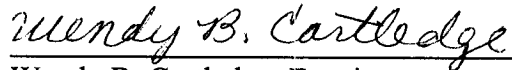
ATTEST:

---

G. O'Neal Hamilton, Vice Chairman  
(SEAL)

WE CONSENT:

**Representing the Office of Regulatory Staff**



Wendy B. Cartledge, Esquire

Jeffrey M. Nelson, Esquire

**Office of Regulatory Staff**

1441 Main Street (Suite 300)

Columbia, SC 29201

Phone: (803) 737-0863 and 803-737-0823

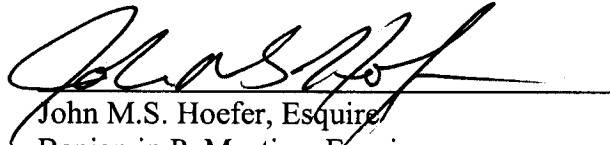
Fax: (803) 737-0895

E-mail: [wcartle@regstaff.sc.gov](mailto:wcartle@regstaff.sc.gov)

[jnelson@regstaff.sc.gov](mailto:jnelson@regstaff.sc.gov)

WE CONSENT:

**Representing Carolina Water Service, Inc.**



John M.S. Hoefer, Esquire

Benjamin P. Mustian, Esquire

**Willoughby & Hoefer, P.A.**

P.O. Box 8416

1022 Calhoun Street, Suite 302

Columbia, SC 29202-8416

Phone: (803) 252-3300

Fax: (803) 256-8062

E-mail: [jhoefer@willoughbyhoefer.com](mailto:jhoefer@willoughbyhoefer.com)

[bmustian@willoughbyhoefer.com](mailto:bmustian@willoughbyhoefer.com)